



## B2B E-Commerce Germany 2005

*Lauren Stillman, Mathias Koeckeritz  
U.S. Commercial Service Germany  
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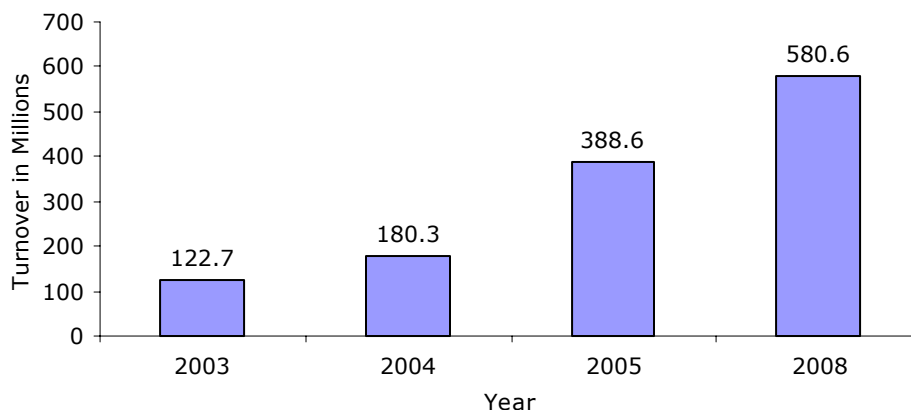
### Summary

The online B2B market in Germany is one of the strongest in Europe, after the United Kingdom, and is continuing to grow. Leading the e-commerce market are the big firms, but small and medium sized businesses are increasingly joining in. This is due in large part to the growth in Internet use and online-information and payment security. Overall, European businesses are more conservative than their American counterparts and have been slower to integrate B2B transactions into their operations. On the other hand, many of the medium to smaller businesses are having to reconsider their positions in order to work with larger corporations, which has increased the pressure for suppliers to conduct business online.

### Market Highlights

It is estimated that by 2008 the number of web users will reach 62.6 thousand in Germany, with Germany having approximately 75.6 percent of its population (82 million) connected to the web. This estimate puts Germany far ahead of other European countries in terms of B2B e-commerce. In 2004, German e-commerce amounted to EUR 180.3 billion and it is predicted that by 2008, this share will increase to EUR 580.6 billion. Overall, about 39 percent of German companies make online purchases.

**German B2B E-Commerce in EUR Billion**



Source: European Union, 2004/2005

The automobile industry currently conducts the largest volume of B2B trade in Europe. B2B e-commerce is largely limited to indirect supplies in Germany. Currently

the most common activity is procuring MRO (maintenance, repair, operations) items such as office supplies.

### **Transport Industry**

The transport equipment industry is at the forefront of B2B e-commerce, according to the European e-business Market Watch. This industry includes purchasers of raw and semi-processed materials, intermediary products and services, including basic metals, metal products, chemicals, rubber, plastic, electronics, electrical machinery, business and financial services. Germany leads this industry in online transactions with 89 percent of its enterprises purchasing goods online. The majority of these companies are buying from suppliers' websites, while about a quarter also use B2B marketplaces and/or extranets.

### **Media Industry**

The media and printing sector is another mature e-commerce industry. 33 percent of the German media and printing sector, which includes businesses whose main job is the creation and distribution of media content, including the publishing and printing sector and the music and audiovisual industries, sell their products online. This sector is one of the few whose Internet sales have not been scathed by the economic slowdown of the past few years in Germany.

### **Metal Industry**

The metal industry is not as mature in e-commerce, however Germany's metal market dominates Europe in terms of online purchases. Online sales are much less common than online purchases, but 53 percent of German companies buying metal products buy them online. When asked why not more sales of metal products were made online, most companies expressed reserves with respect to electronic transactions and emphasized that their products and transaction methods do not lend themselves to doing business electronically.

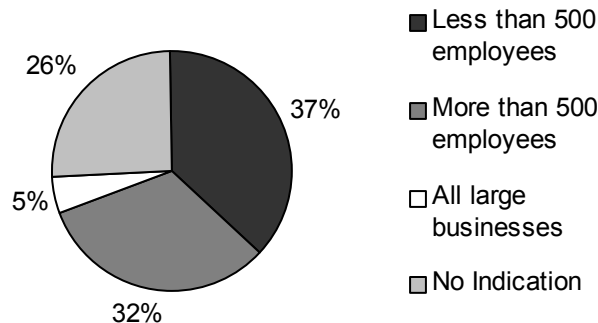
### **Food Industry**

The food industry is one of the least e-commerce mature industries, yet Germany is second to the United Kingdom in its percentage of companies that make online food product purchases. 47 percent of German companies buying food products are making online purchases. Buying supplies online is much more common than making online sales and few food purchasers participate in B2B online marketplaces. EU safety regulations in the food and beverage sector are the biggest hindrance to the growth of online food product sales.

### **Marketplace**

Large German businesses dominate the German online marketplace, with smaller businesses entering in growing numbers.

## B2B Marketplace Usage Depending on Business Size



Source: Ministry for Economics and Labor, 2005

German companies expect not only a price advantage through online transactions, but also a very easy purchasing process. Key competitive factors for German business usage of marketplaces are the transaction volume of the site, the number of customers and suppliers on the site and the variety of services offered. Some of the most popular sites for German companies are Surplex, newtron, webtradecenter.de and med2med.de. These sites have a large number of German customers and suppliers as well as high transaction rates.

### Security and Payment

Solutions providing security and privacy compliance continue to increase and reduce the concerns about online purchasing in general. E-voicing is becoming more regulated throughout the EU and the emergence of e-payment solutions are becoming increasingly accepted by German companies. The emergence of secure E-payment systems ranging from micro-payments for paid content to E-payment systems for B2B transactions are ensuring growth in e-commerce. One large security initiative taken within the EU is the Electronic Signatures initiative, which has helped increase the safety of e-commerce.

The EU Electronic Signatures Device is an important initiative directed towards helping increase the security and ease of online transactions. American companies whose sales or purchase transactions involve secure information and require a legal signature can now safely accommodate e-commerce. In the past, only hand-written signatures have been legally valid, but this legislation extends that recognition to electronic signatures and applies the Internal Market principles of free movement of services and home country control to e-commerce. For more information on this initiative go to: <http://www.bsi.bund.de/esig/basics/index.htm> for German regulations or [http://europa.eu.int/eur-lex/pri/en/oj/dat/2000/l\\_013/l\\_01320000119en00120020.pdf](http://europa.eu.int/eur-lex/pri/en/oj/dat/2000/l_013/l_01320000119en00120020.pdf) for the overall EU directive.

### Market Trends

Online transactions are growing and Customer and Partner Relationship Management are becoming increasingly important. Established market places are expected to

become less attractive as Electronic Data Interchange continues to hold its traditional lead position. Experts believe that for the future, high-quality brand-name articles and automotive products will increasingly be sold through e-commerce. However, the biggest growing e-commerce industry is security.

### **For More Information**

The U.S. Commercial Service Germany can be contacted via e-mail at: [frankfurt.office.box@mail.doc.gov](mailto:frankfurt.office.box@mail.doc.gov), website: <http://www.buyusa.gov/germany/en/>.

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